The National Transcontinental Railway

Persistent Efforts of the Tories to Destroy the Project

"I charge this (Borden) Government with having, from the day it came into power, proceeded to give the Grand Trunk Pacific Company reason for not taking over the National Transcontinental Railway."—*Extract from speech of Hon. Geo. P. Graham, House of Commons, March 16, 1915.*

PAMPHLET No. 19.

LP F5012
1915
L695 N3

12e 7774

The National Transcontinental Railway

PERSISTENT EFFORTS OF THE TORIES TO DESTROY THE PROJECT.

The people of Canada are conversant with the history of the great enterprise, known as the National Transcontinental Railway. In 1903, Sir Wilfrid, with the vision of Canada's growing greatness and the ever increasing necessity for better transportation facilities, announced his intention of having another transcontinental line of railway constructed. History has shown the wisdom of this decision, for this line is the only one that runs entirely through Canadian territory. The greatest of all European wars, in which Canada has been engaged, has brought this home very forcibly to the people. Neither of the other two great transcontinental lines is able to transport the militia across the country without change of route, because each of these lines runs for some distance through United States territory. The National Transcontinental is the only one that is all on Canadian soil.

In 1904, this project was referred to the people in a general election and Sir Wilfrid was authorized to proceed with the work. In detail it was opposed very strenuously by the Conservative opposition, and they fought it in the campaign with great bitterness. In the election of 1908, it being then under construction, it was again the target for the hostile criticism of the opposition. In fact, it was the chief plank in the Tory platform, but, after hearing all their criticism and denunciation, the people instructed Sir Wilfrid to "finish his work," which he proceeded to do with great

energy until he laid down the reins of office in 1911. The scheme, in itself, was something new in the Dominion of Canada. The Grand Trunk Pacific Company agreed to build a line from Winnipeg to Prince Rupert on the Pacific Ocean, for which it was to be aided by Canada in the guaranteeing of a certain amount of bonds. The Government undertook to construct a line from Winnipeg to Moncton in New Brunswick, to be leased, when completed, to the Grand Trunk Pacific Company, and to be operated by that Company in connection with its line from Winnipeg west. The standard of the road was to be of the very highest type in order that the products of our great West and the manufactured goods of our great East, as well as the goods from across the ocean, could be carried at the lowest possible freight rates. The Grand Trunk Pacific Company would have preferred to have stopped the Transcontinental at Cochrane, but the Laurier Government insisted that it must run all the way through Northern Ontario and Quebec and on down to the Maritime Provinces to serve the needs of all the people, and finally this was agreed upon.

One would have thought that, after the people of Canada has on two different occasions decisively approved of this great work, the opposition to it would have ceased, but that was not the case. The Tory party, have never ceased for one moment in their efforts to decry and, if possible, injure this, the people's own railway.

Party First in Everything

In criticising the cost of the National Transcontinental Railway, the Nationalist-Conservative leaders had two objects in view, one to injure the Liberal Party if possible, and the other to discredit the undertaking itself. In their utter recklessness, they succeeded in injuring not only themselves, but in greatly impairing the credit of the country and its enterprises, and brought down on their heads the condemnation of Canada's leading business men.

In 1908, one of the most brilliant writers in America, who had been engaged in preparing campaign literature for one of the political parties in the United States, was secured to compile statistics and manufacture statements that it was fondly hoped would wreck the Liberal Administration and render it impossible for the National Transcontinental to be financed. The pamphlet was written and the printer's proofs read in the city of Toronto, the intention being to have it circulated too late in the campaign to admit of refutation. The plot was discovered and the pamphlet was not printed, but the material it was to contain was sent to a Yankee newspaper and this paper was circulated by the tons throughout Canada. This attack assured the public that the Road would cost, even though constructed with the utmost economy and care, every cent it has cost, and that, in consequence of this great expenditure, the fixed charges would be too heavy to permit of cheap freight and passenger rates being secured.

The partisan findings which George Lynch-Staunton and Frederick Gutelius made later, charging extravagance and waste in construction, are completely answered by the Conservative campaign document of 1908, which assured the people that it would cost what it has cost without any extravagance or waste.

Every session of Parliament, the Conservative Party when in opposition, assailed this great national undertaking in the most reckless manner but without avail, and the Liberal Government continued to carry out the mandate of the electors, to construct this great highway up to the high standard on which it was started.

FUTILE EFFORTS OF THE HIRED KNOCKERS.

When the Nationalist-Conservative Government came into power in 1911, it continued the onslaught on the National Transcontinental Railway. Two Commissioners pocketed nearly $100,000.00 and spent two years in conducting a rabidly partisan investigation, endeavouring to find corrupt expenditure in this great work. In the expenditure by the Liberals of over $100,000,000.00, they found, and that without any evidence to prove it, that only $4,000.00 could be placed even under suspicion.

As a proof of the Nationalist-Conservative Government's absolute unfairness, it selected for this work, George Lynch-Staunton, K.C., of Hamilton, one of the most violent partisans in Canada, and Fred. G. Gutelius, an employee of an opposing line, the Canadian Pacific Railway.

They had scarcely begun their work when glaring misrepresentations of what they were finding were given to the press and wired to the centres of capital in which the Grand Trunk Pacific was endeavouring to secure money to complete its project. This outrage was repeated at intervals during the two years the pretended investigation was being dragged out at $65.00 per day and expenses for each of the Commissioners. Time and again, the Opposition asked for the report but could not get it, though the press had been giving fragments of it on several occasions. Just before it was finally given to Parliament, a typewritten synopsis was handed to the press, replete with deliberate falsehoods, cunningly devised, in order to deceive the public.

The Nationalist-Conservative Minister of Railways, the Hon. Frank Cochrane, was evidently ashamed of the report for he threw it on the table and rushed to take the first steamer for Europe. Finding on his return that he might be called on to defend this report, he hurried away again and busied himself in the Ontario Provincial campaign 1914, leaving this report to his colleagues.

From beginning to end, there was not one finding in the report that was based on evidence. In fact, evidence even of the Government's own experts was suppressed and other important testimony rejected.

The findings were contrary to law, in defiance of the facts, and at variance with railway practice or even common sense. In one instance, the Statute was deliberately misquoted by the Commissioners.

These partisan Commissioners could find no graft, so to cover their chagrin and to give some excuse for their employment, they shut their eyes to the evidence; opened their partisan mouths; and declared that Forty Million Dollars had been wasted, chiefly in constructing the Road to **too high a standard.**

They began by breaking faith with the Chairman of the ex-Transcontinental Commission, Hon. S. N. Parent, K.C., and declined to take the evidence of Mr. Charles A. Young, another ex-Commissioner.

Here are two or three samples of how these partisans were able to make up their Forty Million Dollars.

ENTRANCE TO WINNIPEG.

They found, contrary to reason, railway practice, and in spite of the ruling of the Board of Railway Commissioners, that the Government Road should have gone into Winnipeg on the level, thus endangering the lives of the people and destroying the streets of St. Boniface. The Liberal Government, through its Commission, elevated the tracks, went into the City with an air line, and the Transcontinental has the best entrance into Winnipeg of any railway. As Hon. Mr. Graham said, the Liberal Government was proud that it had secured such an entrance into the Western Gateway. Still, this partisan Commission said $3,000,000.00 could have been saved by the Government Road playing second fiddle to its competitors.

The Commissioners found that the Statute had been violated in constructing a double track from Transcona, where the repair shops are situated, to Winnipeg. To arrive at this conclusion, they went so far as to misquote the Statute, which is plain. Nothing further need be said.

CONTRARY TO LAW, TO FACT & RAILWAY PRACTICE.

This report declared that the Government had no legal right to erect the shops at Transcona and in doing so had wasted many millions. This finding was so glaring in its partisanship and so utterly indefensible, that the Borden Government totally ignored it and proceeded to violate its provision before the report was even printed, by beginning the erection of similar shops at Quebec.

This clause of the report was perhaps the most outrageous of all. Every prominent lawyer in Canada, whose opinion was asked, said that Messrs. Lynch-Staunton and Gutelius were entirely wrong as to the law. These legal gentlemen included, Sir Allen Aylesworth, ex-Minister of Justice for Canada; Hon. C. J. Doherty, M.P., Minister of Justice; E. L. Newcombe, Deputy Minister of Justice; H. Atkinson, legal advisor of the Transcontinental Commission; W. H. Biggar, K.C., and Mr. Brown, K.C., one of Montreal's most eminent lawyers.

To get a decisive opinion as to the facts and good railway practice, the case was submitted to the late Sir William Whyte, Vice-President of the Canadian Pacific Railway, as arbitrator and here is his finding:

"With respect to the shops at Transcona, considering "their location and the circumstances under which they "were produced and furnished, and the specifications; and "interpreting the said agreements and Acts in the light of "modern railway practice and considering the contemplated "use of the said eastern division by other railways, I award, "order and determine that the said shops are to be regarded "as and are a portion of the said eastern division within "the intent and meaning of the said agreements of the 29th "of July, 1903, and the 18th of February, 1904, and Acts "confirming the same.

"I further award, order and determine that all repair "shops at divisional points are to be regarded as and are a "portion of said eastern division within the intent and "meaning of the said agreements of the 29th of July, 1903, "and of the 18th of February, 1904, and of the Acts con- "firming the same, I consider these are a material part of "the railway and necessary convenience for its proper and "efficient operation.

WM. WHYTE."

Yet in the face of the opinion of all of these eminent lawyers named, and in defiance of the emphatic award of Sir William Whyte, Lynch-Staunton and Gutelius had the audacity to find, in their report, that all these men were wrong and that the shops should not have been constructed by the Government.

George S. Hodgins, Mechanical Engineer, of New York, was employed as an expert by the Nationalist-Conservative Government to examine these shops and report. His report, in brief, was that the shops had been erected and equipped "cheaply, efficiently and wisely with a view to future growth." This report the Commission suppressed.

GRADES AND CURVES.

Messrs. Lynch-Stuanton and Gutelius, contrary to the best and most modern railway practice, found that millions could have been saved if the grades of the National Transcontinental had been steeper and the curves sharper. This was also in defiance of the fact that the people had, on two occasions at the polls,

ordered the Liberal Government to construct the highest standard of road. The Commission said that what are known as velocity grades (sags and dips uphill and down), should have been introduced." In his speech in the House of Commons, the ex-Minister of Railways (Hon. Mr. Graham) quoted Mr. J. B. Berry, the most prominent authority on grades and curves in America, to show that this undulating construction is wholly impracticable on a new trunk line in our Canadian climate if the efficiency of the road is not to be impaired. Mr. Berry also added that the Commission's estimate of saving that might have been effected by this cheaper construction, was the "wildest kind of a guess." The same can be said of the criticism about curves. **If a cheaper road had been constructed, it evidently would have cost less and the line would have been inferior and not superior.**

WOODEN STRUCTURES.

These Nationalist-Conservative Commissioners thought wooden structures sufficiently good for the National Transcontinental and had the effrontery to say that millions had been wasted in using steel structures. To use wooden structures on this line intended for heavy through traffic through a new country, with all the possibilities of fire, would have been criminal. This was too silly even for the Nationalist-Conservative Government, and they went right on putting in steel structures.

SUB-CONTRACTS.

These two partisans, also, in their criticism, found that this great Railway should have been constructed without any sub-contracts having been let. This contention was so utterly ridiculous that it carried with it its own refutation. No great work of this kind on the American continent has ever been carried on without the work being sub-let in smaller sections by the Chief Contractor. Chief Contractors are men of means and of ability to do things and they are compelled by the Government to put up ample security that the work will be properly performed, which smaller contractors could not possibly do.

These are only samples taken from this outrage sent broadcast in the name of a report. The Government showed its utter contempt for what the Commissioners said or did, by proceeding to do the very things these hired partisans of theirs condemned.

JUST A FEW.

The Messrs. Lynch-Staunton and Gutelius, Nationalist-Conservative Commissioners found that the Government had no right to build repair shops. The Borden, Nationalist-Conservative Government at once let contracts for the erection of repair shops at Quebec and elsewhere.

The Commissioners said the Liberal Government was too liberal in the settlement for classification and overbreak. The Borden Nationalist-Conservative Government settled the biggest claim of this kind, paying the contractor more than double the amount which had been awarded him by the Liberal Government Arbitration Board.

The Commissioners said wooden and not steel structures should have been used. The Borden Nationalist-Conservative Government, during the year this report was made, ordered no less than 56 steel structures, and the Minister of Railways denied, with much heat, that he was using wooden structures.

The Commissioners spent pages in saying that it was money wasted to use grades of four-tenths and six-tenths, but the Government has since admitted that these grades would have to be restored, and some of the sags have already been filled.

Messrs. Lynch-Staunton and Gutelius also found a loss of many millions in the sub-letting of contracts. The Borden Nationalist-Conservative Government, without delay, let large contracts on the Welland Canal, the Hudson Bay Railway and elsewhere, every one of which has been sub-let in smaller sections.

This is the only railway wholly on Canadian territory from ocean to ocean, and the wisdom of its inception has already been proved. The other two transcontinental lines in Canada run for a portion of their distance through the United States and could not carry troops from the Atlantic to the Pacific altogether over their own lines. The Grand Trunk Pacific is the only Road in Canada that can do this.

WORTH THE MONEY.

The National Transcontinental Railway is worth every dollar it has cost, being constructed at such a high standard (except at a few points where the Borden, Nationalist-Conservative Government has impaired its efficiently, which can and will be remedied) that its hauling capacity is more than double that of any other Transcontinental Railway in America. Low grades, easy curves, steel structures and heavy rails, form the basis of efficiency, and

every other similar line on this Continent has expended more in endeavouring to correct the errors of cheap construction than the road originally cost.

Outside the degrading of the Transcontinental at a few points by the Borden Nationalist-Conservative this great highway will require no such expenditure as it is of the highest standard now. In 1903 the Engineers' conclusions, as presented to Parliament by Sir Wilfrid, showed that $13,000,000.00 would meet the interest on the estimated cost of $63,000,000 for the seven years preceding the date on which the Company begins to pay rental. Mr Borden himself, speaking in the House of Commons on July 30th, 1903, as reported in Volume 4, pages 7712 and 7713 of Hansard, placed the capital cost of construction all the way from $63,000,000.00 to $80,000,000.00. These figures all founded on expert engineers' reports, proved too low, but there is nothing surprising in that. Every railway company has had the same experience. The mountain section and the prairie section constructed by the Grand Trunk Pacific Railway Company, have, just like the Government section cost many millions more than was anticipated.

From Moncton to Winnipeg (built and owned by the Government) much of the line runs through unexplored territory, about which full knowledge could only be obtained as the work progressed. To secure the very high standard of road has proved expensive. Millions could have been temporarily saved by the construction of a cheap inefficient line, but in 1904 and again in 1908 the people of Canada authorized the Liberal Government to build this railway in a manner that would afford the greatest hauling capacity possible. In addition the cost of labour and material more than doubled between the time the first calculations were made and the date when real construction was under way.

Has this, the best railway in America, cost too much? Can the operating Company pay carrying and operating charges and still have a reasonable profit? In discussing this question in Parliament, during the Session of 1914, Hon. Mr. Graham gave some statistics to the House that are very illuminating. He compared the investment in other Railways, not nearly of so high a standard as the National Transcontinental, with the cost of the latter.

Complete with stations, freight sheds, store houses, roundhouses, locomotive and car repair shops, terminals, telegraph lines, etc., the National Transcontinental, from Moncton to Prince Rupert has cost $85,000.00 per mile.

In the United States the capitalization of the Western lines including many branches that cost only from $15,000.00 to

$25,000.00 per mile is $73,000.00 per mile. Two Western lines, the Union Pacific and the Southern Pacific, approach more nearly in difficulties of construction the National Transcontinental. The former represents an investment of $150,925 a mile and the latter $142,360.00 per mile. Owing to the original cheap construction, they had to be rebuilt to secure better grades and curves, and even now these are not equal to those on the Canadian road. The old Grand Trunk Railway shows a capitalization of $133,939.00 per mile, which includes its cheap lines, and no stretch of one hundred miles can be found on this line equal in grades and curves to the Grand Trunk Pacific. The Algoma Central has a capitalization of $152,891.00 per mile and the Canada Southern Railway $99,000.00 per mile.

The Canadian Pacific Railway puts its capitalization at $46,000.00 per mile, but that includes all cheap branch lines. It does not include, however, the aid received in many ways from the Dominion and Provincial Governments and municipalities. It does not include the 100 millions spent out of revenue for betterments; it does not include the millions secured from premiums on stock. If these be taken into account, it will be found that the Canadian Pacific Railway represents on its main line, an investment considerably in excess of the cost of the National Transcontinental Railway, though on account of its location, it never can secure the standard of grades and curves that exist on the latter.

So anxious was the Nationalist-Conservative Government to discount the National Transcontinental and make the capitalists believe it never could be made to pay, that Hon. Dr. Reid, Acting Minister of Railways, in speaking in Parliament in March, 1914, mis-stated the amount on which the Grand Trunk Pacific will have to pay interest as rental, to the extent of no less than $41,000,000.00. The Government's own estimate as to cost is $161,000,000.00 which with interest during construction amounting to $20,000,000.00 makes a total of $181,000,000.00. Dr. Reid, however, placed the amount at $223,000,000.00 but was caught in the act and exposed.

But the Government portion of the Road, which has been the object of attack,—that part between Winnipeg and Moncton, will pay. Here is a moderate calculation. Suppose the entire traffic, passenger and freight, equals an average of 8.5 freight trains per day,—(not each way, but including all trains both ways). A load of 2,000 tons can be hauled on this line, but for safety place it at 1,000 tons. $1.65 is ample for running a train a mile over a road of this class. The distance from Moncton to Winnipeg is 1,800 miles. We have then this result:

Gross revenue per day		$76,500.00
Cost of operation per day	$25,500.00	
Interest per day (as per Commission's report	14,800.00	
Total daily cost	40,300.00	40,300.00
Net Revenue per day		$36,200.00

But, to be on the safe side again, this amount might be further reduced by 50 per cent, which would leave, giving the pessimists the benefit of every doubt, a net revenue per day on the Government portion of this Road of $18,500.00.

Every attack made on this great project has failed. So far as the Liberal Party was concerned, the Road has been constructed to be of the most value to the people of Canada, and with economy and honesty.

IT IS WORTH THE MONEY.

To quote the words of Major Leonard, the Borden, Nationalist-Conservative Government's own chief Commissioner, for the construction of the road appointed after the Liberal Government was defeated in 1911, who, with the full knowledge before him that it would cost at least $161,000,000.00 and interest, declared: **"The National Transcontinental Railway is an asset, not a burden, to the people of Canada."**

The Borden Administration, never a friend of the Transcontinental Railway, has let no opportunity pass to throw stones at the project ever since it came into power. The evident desire was to discredit the undertaking and if possible to make it a failure. The Laurier Government was very careful to give the Grand Trunk Pacific Company no excuse whatever which could be used for declining to take over the road or any portion of it at completion. The Company never was anxious to operate that portion from Cochrane east, but Sir Wilfrid's Government insisted that they must take what might for a time be a lean portion of the line, along with that which would give better returns in the initial stages of the operation.

Designedly or otherwise the Borden Government began at once to play into the hands of the Company and furnish it excuses for not executing the lease when the road was completed. In the first place the Borden Government began altering the grades of the road, but was at once notified by the President of the Grand Trunk Pacific Company that if these grades were changed and the agreement with the Government thus departed from, the

Company would not take over the road. But the Government paid no attention and went right on in the face of this notification and protest, degrading the line. The President of the Grand Trunk Pacific Company only laughed as he had put one over on the Borden Government. Many important changes in the line and terminals were made in the city of Quebec without getting the consent of the Grand Trunk Pacific Company which it was imperative to do under the agreement. The Company protested that it had not consented to these various changes, but the Government paid no heed. This was the second move of the Borden Administration against the people's highway and in favour of the Company.

But the greatest outrage of all was the hiring of two friends as referred to in previous pages, to make a report charging that millions had been wasted in the construction of the road. This report the Company seized upon with glee and now they hand back to the Government its own report, and so far as the Government is concerned there is no answer. Thus has the Borden Administration in its wild desire for political gain, given to the Grand Trunk Pacific Company just the material it wanted on which to base a refusal to take over the line when completed, unless it get much easier terms than were obtained from Sir Wilfrid Laurier's Government. If the Company does not take over this road it is wholly and solely because the Borden Government by its every act, since it came into power, has invited the Company to refuse to operate the line, and has provided all the evidence the Company possesses to substantiate its contention. Never was there a more flagrant outrage perpetrated on the public in the hope of securing party gain.

Any person desirous of securing a copy of the speech of the Hon. Geo. P. Graham on the National Transcontinental Railway, delivered in the House of Commons on March 24, 1914, can obtain this from the Central Information Office of the Canadian Liberal Party, Hope Chambers, Ottawa.

PUBLISHED BY
CENTRAL INFORMATION OFFICE
OF THE
CANADIAN LIBERAL PARTY
OTTAWA, CANADA, 1915